

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works	(2) MEETING DATE 11/26/2013	(3) CONTACT/PHONE John Diodati, Department Administrator (805) 788-2832	
(4) SUBJECT Submittal of a resolution introducing gas franchise ordinance and declaring intention to grant a franchise to Southern California Gas Company for transportation and distribution of gas in San Luis Obispo County. All Districts. Hearing date set for December 17, 2013.			
(5) RECOMMENDED ACTION It is our recommendation that your honorable Board: <ol style="list-style-type: none"> <li>1. Approve the attached resolution introducing gas franchise ordinance and declaring intention to grant a franchise to Southern California Gas Company for transportation and distribution of gas in San Luis Obispo County; and</li> <li>2. Introduce the franchise ordinance for a first reading; and</li> <li>3. Start the formal noticing process for final approval of a Franchise Ordinance and set a public hearing for the December 17, 2013 Board meeting.</li> </ol>			
(6) FUNDING SOURCE(S) General Fund	(7) CURRENT YEAR FINANCIAL IMPACT \$750,000.00 Revenue	(8) ANNUAL FINANCIAL IMPACT \$750,000.00 Revenue	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____ ) <input type="checkbox"/> Board Business (Time Est. ____ )			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR)  N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A    Date:	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) All Districts -			

Reference: 13NOV26-C-3

# County of San Luis Obispo



TO: Board of Supervisors

FROM: Public Works  
John Diodati, Department Administrator

VIA: Dave Flynn, Deputy Director of Public Works

DATE: 11/26/2013

SUBJECT: Submittal of a resolution introducing gas franchise ordinance and declaring intention to grant a franchise to Southern California Gas Company for transportation and distribution of gas in San Luis Obispo County. All Districts. Hearing date set for December 17, 2013.

## **RECOMMENDATION**

It is our recommendation that your honorable Board:

1. Approve the attached resolution introducing gas franchise ordinance and declaring intention to grant a franchise to Southern California Gas Company for transportation and distribution of gas in San Luis Obispo County; and
2. Introduce the franchise ordinance for a first reading; and
3. Start the formal noticing process for final approval of a Franchise Ordinance and set a public hearing for the December 17, 2013 Board meeting.

## **DISCUSSION**

San Luis Obispo Ordinance No. 301 was granted to Pacific Lighting Gas Supply Company, on February 7, 1955, and eventually transferred to Southern California Gas Company (SCG). The Ordinance allowed SCG the right to operate a gas pipeline franchise within the County for the transmittal and distribution of gas. Before expiration in 2005, the County Public Works Department began negotiations with SCG.

After more than seven years of negotiation, and numerous iterations of the franchise document, the County of San Luis Obispo and SCG have reached agreement on final franchise ordinance language to be approved by your Board. On October 21, 2013, SCG formally submitted an application for a gas franchise. This submittal initiates a formal approval process dictated by the Public Utilities Code.

Today's action is the first step in this process. By adopting the Resolution of Intention, the County Clerk-Recorder will be directed to publish a notice regarding SCG's desire to obtain a franchise

ordinance. The notice will indicate that the public hearing for this franchise ordinance will be at your regularly scheduled meeting on December 17, 2013.

### **OTHER AGENCY INVOLVEMENT/IMPACT**

The County Administrative Office assisted in franchise negotiations. County Counsel, in addition to assisting in franchise negotiations, has helped develop the appropriate documents for franchise approval. The County Clerk has reviewed the documents to ensure proper noticing takes place.

### **FINANCIAL CONSIDERATIONS**

SCG pays approximately \$750,000 per year in franchise fees. This amount (adjusted based on gross sales) will be provided to the County over the life of the franchise (thirty years).

### **RESULTS**

Approval of the recommended action will allow SCG to continue to transmit and distribute gas in San Luis Obispo County. Operating under the franchise and associated agreements and conditions will facilitate a livable and well-governed community that is enriched through the safe transmission and distribution of gas.

File: CF 870-10-01

Reference: 13NOV26-C-3

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### **ATTACHMENTS**

1. Attachment A - Southern California Gas Company Application for Franchise Ordinance
2. Resolution Introducing Gas Franchise Ordinance and Declaring Intention to Grant a Franchise to Southern California Gas Company for the Transportation and Distribution of Gas in San Luis Obispo County